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September 20, 2012

Jennifer J. Johnson
Secretary
Board of Governors
Federal Reserve Board
20th Street and Constitution Ave, NW.
Washington DC 20551

Re: BASEL III Capital Rules

Dear Secretary Johnson:

As a Community Bank officer, I am writing to express my frustrations with the proposed BASEL III capital rules.

My bankers have shared with me the capital requirements that are proposed for single family home (SFR) loans and construction of SFRs. These new proposed risk weighting requirements are going to make home loans even more difficult to obtain and it's already nearly impossible for a first time home buyer to purchase a home today.

The idea of an "international accord" for capital standards applying to my bank here on Slide Road in Lubbock, Texas is baffling. I respectfully request that you exempt Community Banks under \$15 billion from these new standards.

Our Bank today is already deluged with the alphabet of regulations. The cost of compliance is disheartening to say the least. The complex reporting and data collection required by the BASEL III proposal could be the "knock out punch" for Community banks all across the country as they incur costs associated with these new rules.

Our little bank here in West Texas maintains an investment portfolio that we utilized in pledging for municipal deposits, like our school district, our city and county depository. The proposal to have these investments "marked to market" and our gain or loss be included in bank capital is going to create volatility as the inevitable increase in interest rates comes into play; thus hindering our growth, our ability to lend and our ability to take care of our municipal relationships.

I plead with you to please exempt Community Banks from these burdensome, complex, and counter productive capital rules.

Thank you for your consideration of my comments on this critical issue.

Sincerely,

Mitch Watson

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